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ATTACHMENT

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19 March 1980

Soviet Efforts to Circumvent the US Grain Embargo

I. General

By 1 October 1980:

- USSR will be able to replace no more than one-half of 17 million tons embargoed.
- So far, Soviet purchases of 5.2 million tons confirmed and 2.3 million unconfirmed since 4 January.
 - Argentina major source; potential 4-5 million tons of which over half already confirmed,
 - Canada recently sold 2 million tons, 1.5 for delivery by 1 October,
 - EC, Brazil, and East Europe other suppliers.
- No evidence any US grain has been illegally directed to USSR.
 - Most likely way would be to transship through Antwerp, Hamburg, and Rotterdam.

II. Diversions Through Eastern Europe

- Soviets putting pressure on some East European countries to expand grain exports.
 - Demanded 800,000 tons Hungarian grain for delivery after June 1980,

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- Romania sold 500,000 tons of corn to USSR, through Western firm, for nearby delivery.
- Unconfirmed reports of small purchases of Western grain for Soviets.
 - Czechoslovakia may buy 300,000 tons of Argentine corn for USSR,
 - East Germans arranged for sale of West European soybean meal to the USSR.
- No evidence of US grain being transshipped through Eastern Europe to USSR.
 - More likely that EE countries would ship domestic grain and replace it with US or other Western grain,
 - However, so far we have no evidence of any EE country importing more Western grain than could be used domestically,
 - Transport systems generally overburdened and unable to handle large quantities of transshipped grain.
- Absence of evidence pointing to any Polish effort to assist USSR.

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